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**FISCAL IMPACT STATEMENT**

**LS 6763**

**BILL NUMBER:** SB 554

**NOTE PREPARED:** Mar 25, 2013

**BILL AMENDED:** Mar 21, 2013

**SUBJECT:** Telehealth Services Under Medicaid.

**FIRST AUTHOR:** Sen. Becker

**FIRST SPONSOR:** Rep. Bacon

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires the Office of Medicaid Policy and Planning (OMPP) to reimburse: (1) a home health agency for telehealth services; and (2) a federally qualified health center, a rural health clinic, a community mental health center, and a critical access hospital for telemedicine services; under the Medicaid program.

The bill also requires the Health Finance Commission to study issues concerning extending telehealth and telemedicine services under the Medicaid program.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *Interim Study:* The bill requires the Health Finance Commission to study during the 2013 interim session the extension of telehealth and telemedicine services to other providers. If the Commission were to hold additional meetings to address this topic, there would be additional expenditures for legislator per diem and member travel reimbursement. Any additional expenditures must be within the committee's budget, which is established by the Legislative Council.

*Telemedicine:* The bill defines telemedicine as a method for the delivery of services, including medical exams and consultations using videoconferencing equipment to allow a provider to render services to a patient at a distant location. The definition specifies that the term does not include telephone or other methods of communications from one provider to another provider for consultations. The bill further requires the Medicaid program to reimburse Federally Qualified Health Centers (FQHCs), Rural Health Clinics (RHCs), community mental health centers, and critical access hospitals for telemedicine services. This provision may have a neutral

fiscal impact due to the reduction of transportation costs for Medicaid recipients in need of specialty services not available within medically underserved areas. Telemedicine service reimbursement availability at the specified provider locations should increase access to specialty physician services - especially for psychiatric services. These medically necessary physician services are currently reimbursable if the patient is in the physical presence of the physician. The only change required in the bill is the method of delivery.

Currently, the Indiana Medicaid program reimburses for telemedicine within defined parameters and billing guidelines that are similar to Medicare requirements for these services. [Medicare has since revised their requirements to include additional locations.] The OMPP may need to revise a reimbursement policy bulletin to implement the provision requiring Medicaid reimbursement for the FQHCs and RHCs.

*Telehealth:* The bill defines telehealth to mean the use of telecommunications and information technology to provide access to health assessment, diagnosis, intervention, consultation, supervision, and information across a distance. The bill further requires the OMPP to reimburse licensed home health agencies for telehealth services.

The fiscal impact of this provision is indeterminate. The fiscal impact would depend on the particular rules and policies that may be put in place by the Family and Social Services Administration (FSSA) and any restrictions that may be imposed by the federal Centers for Medicare and Medicaid Services (CMS). Depending on FSSA rules and policies, telehealth technologies could expand services or products covered by Indiana Medicaid. However, if these technologies are viewed as a different method of delivering services currently being provided or as a way to expand capacity in rural or underserved areas, the Medicaid program could potentially achieve savings by reducing transportation expenses, increasing treatment compliance and monitoring for patients with chronic conditions, and other delivery improvements. Without knowing specifically what technologies would be provided by the home health agencies, there is no information to assess exactly what the impact of this provision might be. It is not known at this time if a state plan amendment or waiver would be necessary to add telehealth services or delivery methodologies.

*Additional Information:* Indiana Medicaid currently provides Personal Emergency Response Systems (PERS) as a telecommunications device available under the home and community-based waivers and the Social Services Block Grant (SSBG). These items are limited to individuals who live alone or who are alone for significant parts of the day, have no regular caregiver for extended periods of time, and would otherwise require extensive supervision. The PERS are not reimbursable when the individual requires constant supervision. Additionally, the Medicaid program provides electronic monitoring for residential settings under the waivers administered by the Division of Disability and Rehabilitative Services (DDARS). Again, the definition of the service to be provided, how it is to be provided, and the persons eligible for the service are all defined by the program within the parameters of the waivers. The electronic monitoring services were expected by FSSA to provide for significant savings when this program was proposed.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** FSSA.

**Local Agencies Affected:**

**Information Sources:** 405 IAC 38 Telemedicine Services; 460 IAC 1.1-3-41; Application for 1915(c) HCBS Waiver: IN.0378.R02.04-Jan 01, 2013; DDRS\_Manual\_Fall\_2012[1].pdf-Adobe Acrobat Standard; NCSL, Telehealth and Rural Health Care Delivery, August 2011.

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